GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:5618
ANSWERED ON:02.05.2000
COMPENSATION POLICY FOR FERTILIZER UNITS
UMMAREDDY VENKATESWARLU

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government have finalised a policy to compensate fertilizer units claiming high capacity utilisation;

(b) if so, the details thereof;

(c) the names of fertilizer units which have claimed higher compensation than it was meant for them;

(d) the amount of compensation paid out to such units during the last three years;

(e) whether the Government have asked for the refund of such amounts; and

(f) if not, the reasons therefore?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS

(SHRI RAMESH BAIS)

(a) to (f): Urea is the only fertilizer which is under Retention Price-cum-Subsidy Schemein which subsidy is determined per tonne of production, unit-wise, based on normative capacity utilisation and a combination of norms and actuals in regard to the consumption of raw materials, utilities and other inputs, maintenance and other costs, and a post tax return of 12% on networth is assured to the producer. Some units in the fertilizer industry have been showing levels of capacity utilisation which have been consistently higher than the normative capacity utilisation envisaged under the Scheme. The Government is seized of this matter and had appointed an Expert Committee in April 1999 to identify high capacity utilisation urea units and work out the financial implications on different dates on which reassessed capacity could be implemented. The Government is now examining the matter from all angles and exploring all possible options for deciding the matter.